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Market Administrator's

BULLETIN

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MARKET ADMINISTRATOR

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ISSUED FOR PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

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USDA Announces Milk Indemnity Program

The U.S. Department of Agriculture has announced the indemnity payment program for dairy farmers whose milk has been removed from the market because of pesticide residue.

The program will carry out Section 331 of the Economic Opportunity Act of 1964. This Act authorizes the Secretary of Agriculture to make indemnity programs at fair market value to dairy farmers who have been directed since January 1, 1964, to remove their milk from commercial markets because it contained residues of chemicals registered and approved for use by the Federal Government at the time of their use. Congress recently appropriated funds for this purpose.

Farmers may apply for payments at county Agricultural Stabilization and Conservation Services (ASCS) offices.

A farmer is eligible for indemnity payment if his milk has been removed from the commercial market because of detection of pesticides in the milk by tests made by a public agency, or under a milk testing program recognized by a public agency as adequate for the purpose. He is eligible for payment on milk kept off the market by this action from January 1, 1964, until he is reinstated and again is permitted to put his

milk on the market or until January 15, 1965, whichever is earlier. Payment authorization expires January 31, 1965.

The amount of indemnity payment to an eligible farmer will be based on the quantity of milk he normally would have marketed and the price he would have received during the period his milk was kept off the market. For this purpose the quantity he would have marketed will be considered as his "normal marketings". This will be the quantity he marketed a year earlier, subject to appropriate adjustments in his rate of marketings to reflect changes in herd size or other conditions.

The "fair market value" will be the price the farmer would have received for milk during the period, less transportation and other marketing charges he normally would have incurred. The price he would have received during this period will be that received by other farmers in the same area from the same handler.

If a farmer received any payment for milk produced and sold to another outlet during the period, or if he received any payment for milk kept off the market which is not to be refunded, the indemnity payment will be reduced by an equal amount. If a farmer has received a payment from his cooperative, or other han-

dler, for milk kept off the commercial market and this payment is to be paid back, the indemnity payment will not be reduced by this amount.

The appropriation act prohibits payments to farmers whose milk has been removed from the market because of failure to follow procedures prescribed by the Federal Government relative to use of pesticides. Manufacturers and distributors of pesticides are required by law to register their products and labels with USDA. The registered labels are required to show the ingredients and directions for use.

As a condition of indemnity payment, a farmer must certify that if he used a pesticide he followed the directions on the label. Also, he must certify the time the pesticide was used. Additionally, he must certify that he did not knowingly purchase contaminated feed for his cows.

The three chemicals which have caused milk to be cut off, in the cases reported so far, are heptachlor, dieldrin and DDT. Other pesticides may be involved.

A farmer may apply immediately for indemnity payment on milk which has been kept off the market and then file additional applications covering approximate monthly periods, until he is reinstated or payment authorization expires.



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	.....
Class I (3.5%)	.....
Class II (3.5%)	.....
Class III (3.5%)	.....
Class IV (3.5%)	.....
Producer Butterfat Differential for each one-tenth percent	.....

Oct. 1964	Sept. 1964	Oct. 1963
\$4.74	\$4.54	\$4.83
4.59	4.50	4.43
3.24	3.24	4.095
—	—	3.746
—	—	3.094
7.8¢	7.6¢	7.5¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	.....
Percent of Producer Butterfat in Class I	.....
Percent of Producer Milk in Class II	.....
Percent of Producer Butterfat in Class II	.....
Percent of Producer Milk in Class III	.....
Percent of Producer Butterfat in Class III	.....
Percent of Producer Milk in Class IV	.....
Percent of Producer Butterfat in Class IV	.....

89.9	86.2	89.0
85.5	85.0	85.1
10.1	13.8	7.4
14.5	15.0	2.3
—	—	1.5
—	—	4.0
—	—	2.1
—	—	8.6

PRODUCER MILK RECEIPTS

Total Pounds of Producer Milk Delivered	.....
Average Daily Class I Producer Milk	.....
Total Number of Producers	.....
Average Daily Receipts per Producer	.....
Average Butterfat Test	.....
Total Value of Producers Milk at Test	.....
Income per Producer (7 day average)	.....

43,168,771	41,187,265	35,733,401
1,277,740	1,211,984	1,026,708
1,686	1,651	1,364
825	832	845
3.78	3.60	3.72
\$2,011,479	\$1,812,247	\$1,611,355
\$269	\$256	\$266

GROSS CLASS USE (Pounds)

Class I Skim	.....
Class I Butterfat	.....
Class I Milk	.....
Class II Skim	.....
Class II Butterfat	.....
Class II Milk	.....

38,186,056	35,070,899	30,862,828
1,423,880	1,288,637	1,131,197
39,609,936	36,359,536	31,994,025
6,129,987	7,056,587	2,925,515
245,377	241,332	30,152
6,375,364	7,297,919	2,955,667

AVERAGE DAILY SALES (Quarts)

Milk	.....
Buttermilk	.....
Chocolate	.....
Skim	.....
Cream	.....

469,131	439,032	345,329
6,586	6,830	4,944
34,778	32,177	20,269
14,611	13,159	11,774
10,771	9,816	8,556

Area Extended Effective May 1, 1964

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA

★ OCT., 1955 - '64

Year	Receipts From Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1955	23,391,897	3.90	80.6	8.0	7.3	4.1	4.40	4.516	4.116	4.116	3.18	2,091	361
1956	23,321,443	3.81	82.7	8.6	4.7	4.0	4.47	4.607	4.207	4.207	3.271	2,020	388
1957	25,608,115	3.79	82.3	6.9	4.6	6.2	4.34	4.519	4.119	4.019	3.096	1,887	438
1958	24,738,205	3.77	85.7	8.3	1.7	4.3	4.30	4.420	4.020	3.920	2.894	1,746	457
1959	26,207,693	3.86	92.0	5.9	1.0	1.1	5.11	4.697	4.297	3.865	3.116	1,727	490
1960	27,938,777	3.80	86.1	7.9	1.6	4.4	4.84	4.502	4.102	3.913	3.100	1,588	568
1961	29,631,204	3.76	82.8	7.1	2.8	7.3	4.79	4.503	4.103	3.881	3.255	1,234	775
1962	35,113,477	3.74	79.3	7.1	3.2	10.4	4.50	4.27	3.872	3.637	3.011	1,330	852
1963	35,733,401	3.72	89.0	7.4	1.5	2.1	4.83	4.43	4.095	3.746	3.094	1,364	845
1964	43,168,771	3.78	89.9	10.1	—	—	4.74	4.59	3.24	—	—	1,686	825

Cash Receipts from Farm Milk Sales in 1964 at Record Level

The Dairy Situation, Economic Research Service USDA, November 1964

Cash receipts from farm marketings of milk and cream for all 50 States are expected to approach \$5 billion in 1964, compared with \$4.8 billion in 1963 and the previous record of \$4.9 billion set in 1961.

The percentage that dairy cash receipts are of cash receipts from all marketings is expected to rise to 13.6 percent in 1964 from 13.1 percent in 1963. Farm production expenses are expected to show a much smaller-than-average rise in 1964. But with gross dairy income also rising, net dairy income is expected to be above that for 1963.

Through September, 1964, cash receipts from dairy marketings totaled

about \$3.7 billion, about \$100 million more than a year earlier. The volume of marketings was estimated to be about 2 percent larger than a year earlier, while the average price of milk and dairy products was 1 percent higher. Fourth quarter 1964 developments are not expected to materially change the dairy marketing picture.

Farmers may sell about 1½ billion pounds more of milk and cream in 1964 than in 1963. The 1963 level was 117.8 billion pounds. Farm marketings have increased more than production because of a shift from use of milk on farms to commercial marketings. The trend toward marketing an increasing proportion of farm production began in the mid-

1930's. It occurs as the number of farms with milk cows decline.

This year's gain in marketings is expected to be accompanied by a rise in average returns to about \$4.16 per 100 pounds of milk marketed from farms in all products, compared with last year's \$4.12.

Marketings likely will increase again in 1965, and the average price received for milk and dairy products probably will be near the 1964 level. This outlook assumes a continuation of the present support program for dairy products, average growing conditions, and a prospective strong domestic and foreign demand for dairy products. Thus, in 1965 cash receipts from dairying are likely to be slightly above 1964.

CCC Price Support Activity in 1964 About the Same As in 1963

The Dairy Situation, Economic Research Service USDA, November 1964

Dairy products removed from the commercial market in 1964 by CCC purchases and PIK exports are expected to be about one-quarter billion pounds milk equivalent above last year's 7.8 billion pounds. Marketings by farmers may gain about 1½ billion pounds, but consumption from commercial sources is expected to increase more than 1 billion pounds milk equivalent.

Net CCC expenditures for price support and related programs in the 1964-65 marketing year are expected to be close to the \$377 million in 1963-64.

Price support removals from farm marketings in 1965 are expected to be about the same as in 1963 and 1964. This assumes that marketings of milk and cream from farms and commercial consumption will rise by about the same amounts, as they are doing in 1964, and that price supports will continue at the 1963-64 levels.

CCC purchases (delivery basis) of butter and nonfat dry milk in January-September 1964 were below the same period of 1963. PIK exports of nonfat dry milk during this period were above 1963, and PIK program for butter also has expanded. Combined acquisitions by CCC and PIK

exports were about the same as a year earlier for butter, but lower for nonfat dry milk. Cheese deliveries to CCC were up. For January-September, CCC purchases and PIK exports combined were 7.4 billion pounds milk equivalent, about the same as a year earlier.

CCC sold 12 million pounds of butter through October 23, and the possibility exists for more sales to the trade at CCC's domestic sales price. CCC's net removal of butter from the commercial market (purchases and PIK exports minus sales from CCC stocks) may be near last year's 308 million pounds.

TOTAL DAIRY FARMS DECREASE, LARGE HERDS INCREASE

The Dairy Situation, USDA, November, 1964

The drop in dairy cow numbers is closely related to declining numbers of farms with milk cows. The number of farms with milk cows decreased about 50 percent from 1950 to 1959 and was related in part to the general decrease in number of farms as off-farm employment opportunities increased. However, in 1959, only 48 percent of all farms had milk cows, compared with 68 percent in 1950. This downward trend probably is continuing. However, the 1954-59 changes suggest that the number of commercial dairy farms decline at a slower rate. Most farms leaving dairying are those with small sideline dairy enterprises, or those with cows kept primarily for milk for home consumption.

The average number of milk cows per farm has increased substantially. Farms reporting milk cows had 4.6 cows per farm in 1930 and 9.2 in 1959. State averages varied widely in 1959 from 3.4 for North Carolina to 38.5 for California. Information on the number of farms with dairy herds is available for a few states from annual farm census reports and other surveys. Data from these States suggest that the number of farms with less than 30 cows declined between 1959 and 1964, while those with larger-sized herds increased. The greatest decline occurred in farms

with less than 9 milk cows, and the greatest increase occurred in farms with herds containing more than 50 cows. Changes in the size distribution of dairy herds for the North Central States of Illinois, Minnesota, Wisconsin, and for Pennsylvania in the Northeast, appear similar.

The rate at which farmers leave dairying depends on the availability and attractiveness of the other economic opportunities, both on and off the farm. It also is influenced by the mobility of milk producers or their ability to take advantage of other more remunerative alternatives.

Within States and production areas, wide differences are found in conditions affecting the milk supplied by producers. Production resources available to farmers vary substantially. In some areas particularly the North Central States, high quality resources can be used in an array of

alternative farm enterprises. In other areas, income from dairying so greatly exceeds the income possible from other uses for resources that the milk supply is little affected by the relationship between milk prices and returns from alternative enterprises. In such areas, milk production probably would persist, even at less favorable milk prices. Many dairymen have been attracted to beef production because these two livestock enterprises use about the same farm resources, though in varying quantities, and because the demand for beef—as measured by per capita consumption—has been rising, while that for milk has been declining. In addition, beef production is less confining to the operator than milk production. Other dairymen have found better economic opportunities in other endeavors, including nonfarm employment.

Market Quotations

OCTOBER
1964

MINNESOTA - WISCONSIN PRICE SERIES	\$3.27
MIDWEST CONDENSERIES 3.5% per Cwt.	3.177
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.135
Average Price per lb. 92-score butter at Chicago .....	.6047
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant1429

THE

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